

<p style="text-align: center;"><b>Michigan School Bond Loan Program</b> <b>General Instructions for Completing</b> <b>Preliminary Loan Application Worksheet</b></p>
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It is imperative that you use the proper *Preliminary Loan Worksheet* based on how property taxes are collected in your district. Please verify that you are using the proper worksheet based on the following descriptions.

- SUMMER or SPLIT tax levy worksheet – used by school districts that levy summer taxes on July 1<sup>st</sup> or, summer and winter taxes on July 1<sup>st</sup> and December 31<sup>st</sup>. This worksheet will determine the amount needed to be borrowed for the November 1, 2004 and May 1, 2005 debt service payments.
- WINTER ONLY tax levy worksheet – used by school districts that levy only winter taxes on December 1<sup>st</sup>. This worksheet will determine the amount needed to be borrowed for the November 1, 2004, May 1, 2005 and the November 1, 2005 debt service payments.

If you are unable to use the downloaded *Excel* and *Word* documents you may request a hard copy by contacting the School Bond Loan Program at (517) 335-0525.

## Preliminary Loan Application Packet

### ***Who completes the Preliminary Loan Application for a State loan?***

School districts that expect to borrow from the School Bond Loan (SBL) fund to assist in the payment of principal and interest on qualified bonds are required to adhere to the procedures, terms and conditions for obtaining a loan from the School Bond Loan Fund as defined in Public Act 108 of 1961. The *PRELIMINARY LOAN APPLICATION* is the first action in the loan process and provides for certification of the proper millage levy.

### ***What steps are required to complete a Preliminary Loan Application?***

There are two steps to completing this process. The Business Office needs to complete the *Preliminary Loan Worksheet* and draft *Board Resolution*. The board needs to adopt the *Board Resolution* at an official meeting.

### ***When is the application due?***

The application is statutorily due 60 days prior to the time of the certification of the school district's tax levy. Therefore, the due date is August 1, 2004.

### ***What if I cannot get board approval by this due date?***

The SBL program is seeking to avoid the need for special board meetings to approve loan documents. If you are unable to obtain board approval at a regularly scheduled meeting during July, please take the following actions:

- Complete the *Preliminary Loan Worksheet* and return along with bank statements and *Cover Transmittal* by August 1. Indicate the date of your next board meeting.
- Adopt the *Board Resolution* at your first August board meeting and submit immediately after.

### ***Why do I need local School Board approval on the preliminary application?***

The authorizing board resolution contains all board certifications required for loan processing during the year.

### ***Our district has more than 1 debt service account. How should the millage be allocated?***

School districts are asked to allocate their millage between debt service accounts based on the amount of funds needed for debt service during the upcoming tax year. This method will result in a.) the use of fund balances in all debt service accounts, b.) borrowing for each account, and c.) a minimized total amount borrowed and associated interest cost.

In most cases this percentage allocation of debt millage will result in the lowest amount of borrowing. However, there can be special circumstances where this method does not produce the least amount of borrowing or is not legally permissible. Proper millage allocation is the sole responsibility of the school district. If you need to make significant adjustments to the actual millage allocation as compared to the prorated millage allocation, please provide a brief explanation of your basis.

Your (bond) financial advisor can assist in addressing special financial situations such as variable rate or qualified zone academy bonds. Your bond counsel can assist in addressing legal situations where bond issues cannot be assessed across all taxing issues.

## Instructions for Completing Board of Education Resolution - Page 2 Worksheet

### Estimated School Bond Loan Fund Activity

Qualified Bond Debt Millage (Tax Year 2004)		
Beginning Balance Owed to the SBL Fund (7/01/04)		
Estimated Amount To Borrow From SBL Fund		
Estimated Accrued Interest		
Estimated Ending Balance Owed the SBL Fund (6/30/05)		

(Use this information to complete your Board Resolution)

- **Qualified Bond Debt Millage** – Refer to the Preliminary Loan Worksheet, debt millage to be levied for tax year 2004
- **Beginning Balance Owed to SBL Fund** - Refer to the final balance on your SBL Fund Detail Statement of Account or contact the School Bond Loan Program at (517) 335-0525
- **Estimated Amount To Borrow from SBL Fund**  
SUMMER or SPLIT levy - Enter the total amount from Preliminary Loan Worksheet, Column L.

WINTER only levy - Use the following worksheet to calculate the estimated amount to be borrowed.

Amount to borrow for Nov 2004 Debt Service (Preliminary Loan Worksheet column H Total)	
Plus: Estimated amount to borrow for May 2005/Nov 2005 Debt Service (Preliminary Loan Worksheet column N Total)	
Less: Estimated amount to borrow for Nov 2005 Debt Service (Must calculate based on District's tax cash flow)	
<b>Estimated Amount To Borrow From SBL Fund</b>	

- **Estimated Accrued Interest** – Complete the following calculation to estimate the amount of interest that will be accrued.

Estimated Interest on Existing SBL Fund Balance Beginning balance at 7/1/04 * 2.625	
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## Line-by-Line Instructions for Preliminary Loan Application Worksheet Summer or Split Tax Levy

- Heading -** Enter the *School District Name*, *Total Qualified Debt Millage to be Levied*, and the tax year *2004 Taxable Valuation* in the spaces provided.
- Column A - *Bond Issue Date.*** List each bond separately by issue date in the MM/DD/YY format. If the bond is a variable rate issue, indicate with “VAR” and attach a current principal and interest payment schedule.
- Column B - *November 1, 2004 Debt Service Payment.*** List the November 1, 2004 debt service payment for each bond. Include the total principal and interest due.
- Column C - *May 1, 2005 Debt Service Payment.*** List the May 1, 2005 debt service payment for each bond. Include the total principal and interest due.
- Column D - *Fees.*** List any fees associated with the bond debt service payments.
- Column E - *Total Debt Service Payments.*** Total columns B, C, and D (The Internet worksheet will calculate this for you). This is the total debt service due from November 1, 2004 through October 31, 2005.
- Column F - *Debt Fund Balance, June 30, 2004.*** List the debt retirement fund balances as of June 30, 2004. This includes cash, investments, accrued interest, and any other funds that will be available for debt service payments.
- Column G - *Estimated \$ Delinquency.*** Enter the probable delinquency in tax collections for each debt fund.
- Column H - *Funds Needed for Nov2004/May2005 Debt Service Payments.*** Column E minus column F plus column G. (Internet worksheet calculates for you).
- Column I - *Prorated Millage Allocation.*** Column H divided by Total of Column H times the total millage to be levied. This method of allocation will result in borrowing for every fund. (Internet worksheet calculates for you).
- Column J - *Actual Millage Allocation.*** Enter the actual millage allocation that will be certified to the assessing officer. This may be different from the prorated allocation. Use this step to correct decimal rounding problems or address special allocation situations (e.g. where a bond issue can not be legally assessed across all taxing units). Proper allocation is the sole responsibility of the school district.
- Column K - *Revenues to be Collected from the 2004 Tax Levy.*** Column J times the Taxable Value divided by 1000. (Internet worksheet calculates for you).
- Column L - *Estimated Amount to Borrow from the SBLF for Nov2004/May2005 Debt Service Payments.*** Column H minus column K. (Internet worksheet calculates for you).

## Line-by-Line Instructions for Preliminary Loan Application Worksheet Winter only Tax Levy

- Heading -** Enter the *School District Name, Total Qualified Debt Millage to be Levied*, and the tax year *2004 Taxable Valuation* in the spaces provided.
- Column A - *Bond Issue Date.*** List each bond separately by issue date in the MM/DD/YY format. If the bond is a variable rate issue, indicate with “VAR” and attach a current principal and interest payment schedule.
- Column B - *May 1, 2005 Debt Service Payment.*** List the May 1, 2005 debt service payment for each bond. Include the total principal and interest due.
- Column C - *November 1, 2005 Debt Service Payment.*** List the Nov 1, 2005 debt service payment for each bond. Include the total principal and interest due.
- Column D - *Fees.*** List any fees associated with the bond debt service payments.
- Column E - *Total 2005 Debt Service Payments.*** Total columns B, C, and D (The Internet worksheet will calculate this for you). This is the total debt service due from January 1, 2005 through December 31, 2005.
- Column F - *November 1, 2004 Debt Service Payment.*** List the Nov 1, 2004 debt service payment for each bond. Include the total principal and interest due.
- Column G - *Debt Fund Balance, June 30, 2004.*** List the debt retirement fund balances as of June 30, 2004. This includes cash, investments, accrued interest, and any other funds that will be available for debt service payments.
- Column H - *Amount to Borrow from SBLF.*** Column F minus column G. If less than 0, enter 0. (Internet worksheet calculates for you).
- Column I - *Debt Fund Balance after Nov 1, 2004 Debt Service Payment.*** Column G plus column H minus column F. (Internet worksheet calculates for you).
- Column J - *Funds Needed for 2005 Debt Service Payments.*** Column E minus column I. (Internet worksheet calculates for you).
- Column K - *Prorated Millage Allocation.*** Column J divided by Total of Column J times the total millage to be levied. This method of allocation will result in borrowing for every fund. (Internet worksheet calculates for you).
- Column L - *Actual Millage Allocation.*** Enter the actual millage allocation that will be certified to the assessing officer. This may be different from the prorated allocation. Use this step to correct decimal rounding problems or address special allocation situations (e.g. where a bond issue can not be legally assessed across all taxing units). Proper allocation is the sole responsibility of the school district.
- Column M - *Revenues to be Collected from the 2004 Tax Levy.*** Column L times the Taxable Value divided by 1000. (Internet worksheet calculates for you).
- Column N - *Estimated Amount to Borrow from the SBLF for 2005 Debt Service Payments.*** Column J minus column M. (Internet worksheet calculates for you).